February 12, 2002

To: Supervisor Zev Yaroslavsky, Chairman
            Supervisor Gloria Molina
            Supervisor Yvonne Brathwaite Burke
            Supervisor Don Knabe
            Supervisor Michael D. Antonovich

From: David E. Janssen
            Chief Administrative Officer

            Michael J. Henry, Director
            Department of Human Resources

REPORT ON ITEM CONTROL MONITORING SURVEY

At the September 4, 2001 meeting, your Board directed the Chief Administrative Office (CAO), in conjunction with the Department of Human Resources (DHR), to survey the practices of several governmental jurisdictions regarding vacancies and item control monitoring and report back with alternatives to strengthen position (item) control throughout all County departments. Your Board also requested my office provide a list of positions that have been vacant for the past 12 months.

On November 5, 2001, the list of vacant positions was transmitted to your Board. The report indicated that there were 3,210 positions that were vacant for the past 12 months, which represents 5 percent of the total budgeted positions. The County's vacancies are primarily due to recruitment and retention, implementation delays, completion of grant funded programs, and services not requested from other County departments. Please note that the reported number did not include vacancies in the Department of Health Services.

Governmental Jurisdiction Survey Results

DHR sent surveys to 56 various governmental jurisdictions, and of the 16 that responded, 13 are jurisdictions located in California, including the City of Los Angeles (City) and the State, and three are from jurisdictions outside of California. We found that the other jurisdictions in California struggle with the same issues that L.A. County faces, including managing vacancies and item control. Attached is a schedule detailing the survey results.

The reported vacancy rates range from 2 percent to 15 percent, with San Diego County showing the lowest vacancy rate in their sheriff department. San Diego County currently utilizes an Enterprise Resource Planning (ERP) system, which they state is capable of

providing various vacancy reports. Their system is able to track the length of time positions are left vacant so that, if necessary, they can determine the possibility of eliminating those positions. L.A. City reported a vacancy factor of 9 to 11 percent, and the State was not able to provide comparable data since their item monitoring is not managed centrally. Based on the information provided by departments (excluding the Department of Health Services) in August 2001, the County's total vacancies, regardless of the length of time that the position has been vacant, was 4,109 which represents approximately 6 percent of the total budgeted positions. This does not include 3,435 new positions that were added to the Fiscal Year 2001-02 budget. The jurisdictions also indicated that, similar to the County, their vacancies are primarily the result of retirement, retention and recruitment problems.

Many of the jurisdictions manage item monitoring centrally through the central human resources department. The levels of control vary depending on the size of the different jurisdictions; smaller jurisdictions are able to maintain full controls, while larger jurisdictions have similar problems to L.A. County. The City reported that they do not have a centralized item monitoring system but do receive monthly vacancy reports from departments. The State indicated that each department manages its own item monitoring. However, the deletion of vacant positions is centrally controlled by the State Controller's office in accordance to the recent passing of AB 2866, which requires that on July 1 of each year, any position that was continuously vacant for 6 consecutive months during the preceding fiscal year will be abolished. Some jurisdictions take no actions regarding vacant positions while others require departments to re-justify the need to retain vacant positions in the following year budget process.

Departmental Survey Results

To better understand the departments' current methods of item monitoring and to assess their needs, the CAO conducted a departmental survey.

The 38 departmental survey responses show that 29 of the departments have developed their own item monitoring system. These systems range from simple spreadsheets to complex in-house systems, which offer the departments the functionalities they require in their daily operations. The majority of the departments have been using their own system for more than five years, with 12 at more than 10 years. The remaining nine departments reported that the item monitoring module in the Countywide Timekeeping and Payroll Personnel System (CWTAPPS) is used in conjunction with other applications, primarily for reporting purposes. The use of the item monitoring module is not consistent because standard policies and practices were not established in CWTAPPS due to difficulties in obtaining policy consensus at the time that the system was developed.

The majority of the departments reported that their departmental Human Resources/Personnel Division maintains and updates their item monitoring system. Smaller departments utilize their administrative services section, which performs both personnel and budget functions.

Conclusion

Our survey shows that, like the County, many jurisdictions encounter similar issues related to vacancies and item monitoring. Neither L.A. City nor the State have a centralized item monitoring system, although L.A. City has similar practices as the County in that periodic reports are submitted to the central administrative office. The survey also shows that many departments have developed and maintained various in-house systems to meet their daily operational needs.

Currently in progress is the Los Angeles County Administrative Systems (LACAS) Project for an ERP solution in the financial and human resources areas. The LACAS Project includes proposed business requirements for item monitoring in the Request for Proposal (RFP). If implemented, ERP will provide a centralized system that may offer better monitoring of item control. The current LACAS Project schedule anticipates reviewing the decision to proceed with the first phase of ERP, which includes core financial modules, in June 2002. If at that time a decision is made to proceed with an ERP solution, the timetable for an item monitoring module will be better known. The item monitoring module may be implemented with the core financial modules in July 2004, or later, if the Board chooses to move forward with Human Resources modules.

Due to ERP's implementation timeframe, an interim solution appears to be in order. We will explore the feasibility of modifying and utilizing the current item monitoring module in CWTAPPS prior to the implementation of ERP. The feasibility study would require joint efforts from the CAO, Department of Human Resources, and the Auditor-Controller, and full cooperation from the departments. We will provide information to you regarding any major developments in the feasibility study. In the meantime, we will continue to work with the departments in obtaining periodic item monitoring reports. In addition, in the Fiscal Year 2002-03 budget process, we will be expanding our analysis of the departments' salary savings components, which will include review of the following: hiring delays, attrition, top step differentials, and vacancies.

If you have any questions or need additional information, your staff may contact Sid Kikkawa at (213) 974-1133 or Susan Toy Stern at (213) 974-2631.

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SK:SE:vyg

Attachment

c: Executive Officer, Board of Supervisors
        County Counsel
        Auditor-Controller
        Chief Information Officer